

Subject: NTCA Brownfield Housing Fund Programme – Ouseburn Mouth

Report of: Principal Economy & Strategy Manager

Portfolio: Housing, Land and Development

Report Summary

In July 2020, the North of Tyne Combined Authority (NTCA) was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund. The draft pipeline was considered by the Housing & Land Board and Investment Panel with a recommendation that the schemes that pass the initial gateway assessment are accepted onto the programme. Several projects have progressed through business case to date, including Scotswood, Newbiggin Hall and North Shields Masterplan Area. Ouseburn Mouth is the next scheme to be considered.

The purpose of this report is to request the approval of the Ouseburn Mouth project delivered as part of the Brownfield Housing Fund for a total value of £1,250,000.

On the 29th September 2020 NTCA Cabinet considered a report on the North of Tyne Brownfield Housing Fund Programme and authorised the Interim Head of Paid Service - in consultation with the Investment Panel, the Mayor and the Portfolio Holder to consider and approve relevant business case applications for the North of Tyne Brownfield Housing Programme. Cabinet also authorised the Interim Head of Paid Service to finalise the conditions for funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation relating to the awards.

Recommendations

The Head of Paid Service is recommended to:

- i. approve £1,250,000 for the Ouseburn Mouth scheme, subject to the funding conditions set out in paragraph 1.6

1. Background Information, Proposals and Timetable for Implementation

Proposal Name	Ouseburn Mouth
Lead Organisation	Newcastle City Council
Delivery Areas	Ouseburn, Newcastle upon Tyne
Timescales	April 2022 to October 2024
Project Value	£47.4 million
Grant / Loan amount requested	£1,250,000
NTCA Budget Implications:	This forms part of the £24m Brownfield Housing Fund

- 1.1 In July 2020, the NTCA was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. The funding is intended to support the development of at least 1,500 new homes on brownfield sites across the North of Tyne area. The aim of the fund is to remediate and revitalise brownfield sites across the area for the provision of new homes. The fund can be used on sites with demonstrable market failure, with a benefit cost ratio floor of 1.
- 1.2 NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund as part of a compressed process to develop and agree a programme with by March 2021. The initial pipeline made up of projects totalling £21.4 million was considered by the Housing & Land Board and Investment Panel in November.
- 1.3 The Ouseburn Mouth scheme comprises two sites: Malmo Quay and Spillers Quay. They are to be developed through a Joint Venture Agreement between Newcastle City Council and Homes England. PfPigloo has been appointed as the preferred developer.
- 1.4 The sites have remained undeveloped for over 25 years due to the volume of constraints facing the sites. Site investigation work has been undertaken to establish the constraints and abnormal costs and the £1.25 million is sought to address these, specifically for off site highway improvements, abnormal substructure costs, utility diversions and associated fees and survey work.
- 1.5 A full external green book appraisal has been undertaken which found that the scheme is well aligned with the strategic ambitions of the North of Tyne Combined Authority, Newcastle City Council's adopted Core Strategy and Urban Core Plan and reflects the Brownfield Housing Fund criteria set out by MHCLG. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £1,250,000 will unlock the development of 150 residential units. The scheme benefits from well-established governance and management arrangements. PfPigloo have an established track record, Ouseburn Mouth is the third phase of the development of JV sites, with The Malings (completed 2017) being the first and Steenberg's Yard (on site now) the second.
- 1.6 NTCA Investment Panel considered the proposal on the 20th May 2021 and recommended to the Head of Paid Service that funding of £1,250,000 is agreed subject to the following conditions
- Independent advice to be provided on Subsidy Control and confirmed by NTCA
 - A named and priced risk register to be provided to NTCA
 - Planning permission being granted for the scheme

2. Potential Impact on Objectives

- 2.1 This project relates to supporting economic activities which are highlighted in the Devolution Deal, the Economic Vision and in support of the six design principles for housing agreed by Cabinet in the Delegated Decision report of April 2020. The award of this funding helps us to meet our stated ambitions to increase the supply of new homes in the North of Tyne.

3. Key Risks

3.1 The risks associated with this application have been mitigated through funding conditions. These include receipt of a named and costed risk plan and provision of Subsidy Control advice.

4. Financial and Other Resources Implications

4.1 The Brownfield Housing Funding allocation for the NTCA is capital funding and is allocated over five years till the 31 March 2025, at which point all of the funding must be defrayed. All funding associated with this scheme is expected to be claimed by 31 March 2021. Resources are available in the NTCA budget to cover the proposed expenditure.

5. Legal Implications

5.1 The comments of the Interim Monitoring Officer are included in the report.

6. Equalities Implications

6.1 NTCA is committed to driving equality and diversity in housing. The measures contained within this paper will help the NTCA meet its duties under the Equality Act 2010, particularly around advancing equality of opportunity for those with protected characteristics, particularly with regard to socio-economic background.

7. Inclusive Economy Implications

7.1 The project sets out a range of interventions that will grow the economy of the North of Tyne in an inclusive manner providing opportunities for community growth as well as supporting the wider inclusive economy work of the combined authority by providing high quality homes in a range of type and tenure.

8. Climate Change Implications

8.1 The combined authority is committed to exploring a range of methods –from modern methods of construction through to greater use of local suppliers – to reduce the carbon impact of new housing.

9. Consultation and Engagement

9.1 The planning application for the scheme is due to be submitted in June 2021 and will be subject to statutory consultation requirements. Pre-application consultation has been undertaken with Byker and Ouseburn Ward Members and local residents, businesses and stakeholders.

10. Appendices

10.1 None

11. Background Papers

11.1 NTCA Cabinet Paper 29th September 2020, Brownfield Housing Fund

<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/20200929-Cabinet-Agenda-Pack.pdf>

NTCA Delegated Decision Report 1st December 2020, Brownfield Housing Fund Programme Pipeline

[https://www.northoftyne-ca.gov.uk/documents/?document_ids\[\]=4747&document_ids\[\]=4749](https://www.northoftyne-ca.gov.uk/documents/?document_ids[]=4747&document_ids[]=4749)

12. Contact Officers

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Rebecca Scott, Appraisal and Monitoring Officer (Housing and Land), Rebecca.scott@northoftyne-ca.gov.uk

11. Sign-off

1) Mayor and Portfolio holder Yes	2) Director/SMT Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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